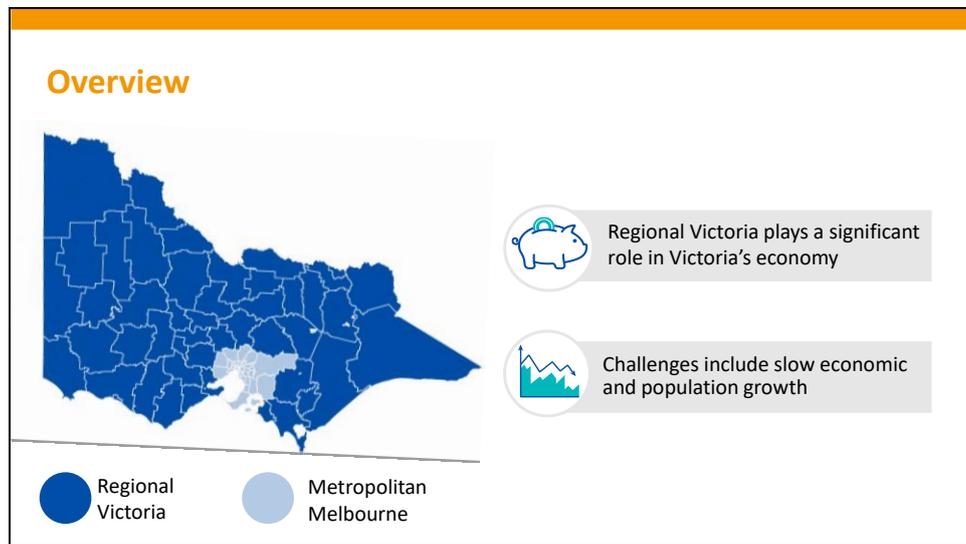


Slide 1



This presentation provides an overview of the Victorian Auditor-General's report Outcomes of Investing in Regional Victoria.



Regional Victoria plays a significant role in Victoria's economy, and its ongoing development is important to the state's economic and social future.

However, regional Victoria faces challenges with some areas experiencing slow or negative economic growth and low population growth.

**Background**

 <b>Regional Development Victoria (RDV)</b>	 <b>Regional Jobs and Infrastructure Fund (RJIF)</b>
Lead agency administering regional development grant funds	<ul style="list-style-type: none"><li>• Established in 2015–16</li><li>• Aims to:<ul style="list-style-type: none"><li>• 'grow jobs, build infrastructure and strengthen communities in regional Victoria'</li><li>• deliver \$500 million in grants over four years</li></ul></li></ul>

3

Regional Development Victoria (RDV) is the lead agency responsible for developing regional Victoria and administering key regional development grant funds.

The current fund, the Regional Jobs and Infrastructure Fund (RJIF), was set up in 2015–16 with the objective of 'growing jobs, building infrastructure and strengthening communities in regional Victoria'.

RJIF aims to deliver \$500 million in grants over four years to 2018–19. Councils, businesses and non-government organisations in Victoria's 48 regional local government areas can apply for grants.

We previously audited two former funds—the Regional Growth Fund and the Provincial Victoria Growth Fund. We found that RDV could not demonstrate that the grants had supported regional growth outcomes due to deficiencies in the funds' administration.

**What we looked at**



**Objective:** To determine whether state investment in regional Victoria has improved outcomes for regional economic development.

- RDV effectively manages the regional development grant programs to ensure they achieve the intended funding objectives.
- RDV's grant programs have improved outcomes for regional Victoria.

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This audit evaluated whether state investment through the various funds has improved outcomes in regional Victoria.

We evaluated RDV's implementation of RJIF by focusing on its design, assessment processes, monitoring and evaluation.

**Who we looked at**

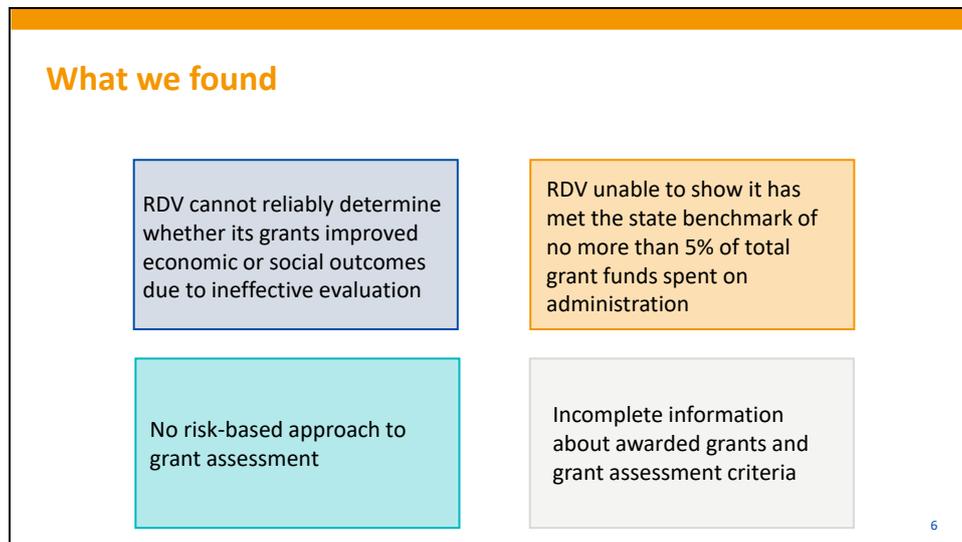


**RDV**

A statutory agency in the Department of Jobs, Precincts and Regions (DJPR)

We audited RDV—a statutory agency in the Department of Jobs, Precincts and Regions (DJPR), formerly the Department of Economic Development, Jobs, Transport and Resources.

We also engaged with five councils to gain added perspectives on RDV's effectiveness in administering RJIF.



Having administered more than \$1 billion in allocated funds since 2011, RDV still cannot reliably determine whether its grants have improved economic or social outcomes.

Though RDV has improved its management of RJIF compared to previous funds, several issues still hamper its successful management.

While RDV has improved its internal reporting, a significant risk remains that it will be unable to evaluate the fund's effectiveness due to gaps in its evaluation framework and data collection.

- RDV cannot show it has managed the fund efficiently because it is unable to show it has met the state's benchmark of 5 per cent of RJIF's funds on its administration.
- RDV struggles to assess grants promptly, in part because it has not adopted a risk-based approach to grant assessment.
- RDV currently does not publish a comprehensive list of the grants awarded or complete information about how it assesses applications.

**Outcomes**



Unsuccessful evaluation of previous funds due to fund design and incomplete information

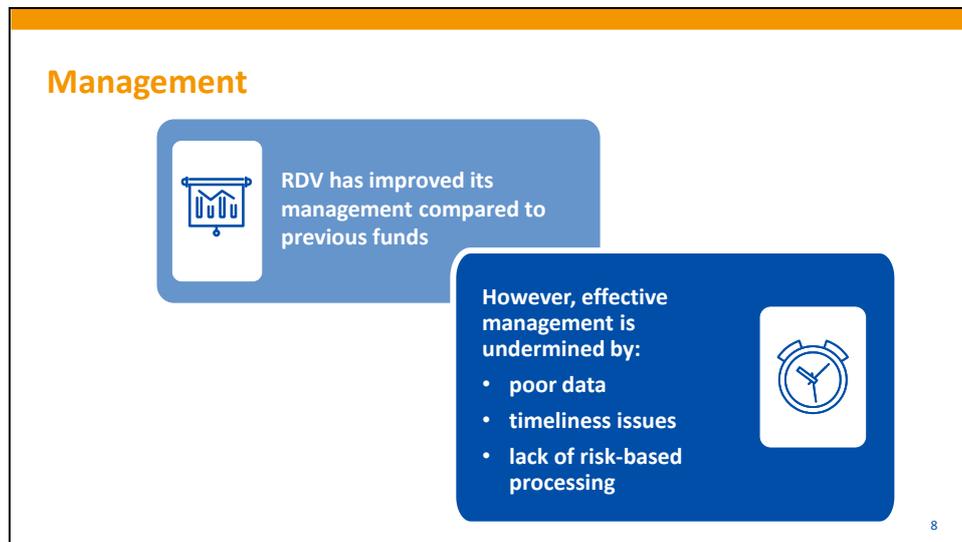
Gaps in RJIF's evaluation framework means RDV may again be unable to successfully evaluate the fund

7

RDV has been unsuccessful in evaluating the outcomes of previous funds due to their design and incomplete information.

While RDV has designed an evaluation framework for RJIF, gaps in this, such as objectives without evaluation measures, and lack of a consistent approach to data collection, means RDV may again be unable to successfully evaluate the current fund.

## Management



RDV has improved its management compared to previous funds

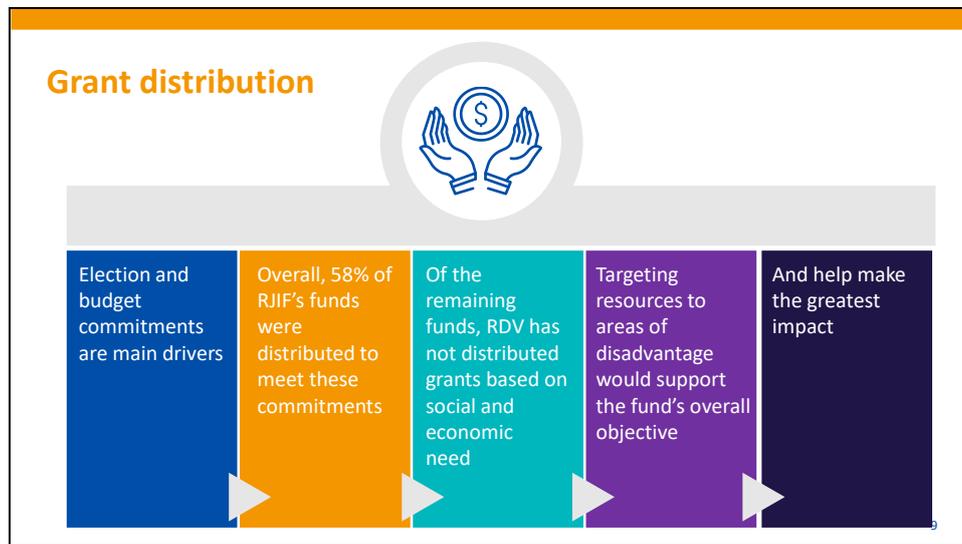
However, effective management is undermined by:

- poor data
- timeliness issues
- lack of risk-based processing

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RDV has improved its management compared to previous funds, including improved reporting and focusing on culture change.

Despite this, its effective management of the fund is undermined by poor data, timeliness issues, a lack of risk-based processing and an inability to show it has efficiently managed the fund.



Election and budget commitments have been the driving forces behind grant distribution.

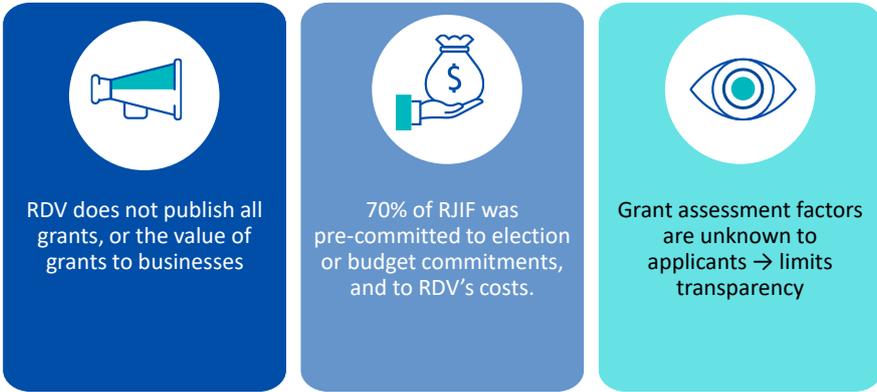
Overall, 58 per cent of RJIF's funds were distributed to meet these commitments.

Of the remaining funds, RDV has not distributed grants based on social and economic need.

RJIF's business case highlights that economic and social outcomes in Regional Victoria vary. Targeting resources to areas of disadvantage would support the fund's overall objective and enable RDV to prioritise investment to address local issues.

RDV could use available data to better target its grants to initiatives or locations where the greatest impacts against the objectives of the fund could be made.

## Transparency



RDV does not publish all grants, or the value of grants to businesses

70% of RJIF was pre-committed to election or budget commitments, and to RDV's costs.

Grant assessment factors are unknown to applicants → limits transparency

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It is important that the public has access to enough information to understand how the grants are allocated. However, RDV does not publish all its grants, or the value of grants given to businesses.

Further, RDV's publicly available information is incomplete in two regards:

- 70 per cent of RJIF was pre-committed to election or budget commitments and to RDV's costs. However, public information makes it appear that the full \$500 million was available to support grant applications.
- When RDV decides who will receive grants, it considers factors, such as preferring funding new jobs over job retention, which are not published and therefore unknown to grant applicants. This limits the transparency of RDV's decision-making.

**Recommendations**

**7**  
Recommendations  
to DJPR

- Strengthen RJIF's evaluation framework
- Improve data quality and documentation
- Ensure grant administration costs meet state guidelines
- Adopt a risk-based approach to grant processing
- Improve public transparency of its grant administration
- Publish a list of all awarded grants in consideration of the *Freedom of Information Act 1982*
- Undertake a needs analysis to target grants effectively

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We made seven recommendations to DJPR to:

- strengthen RJIF's evaluation framework
- improve data quality and documentation
- ensure grant administration costs meet state guidelines
- adopt a risk-based approach to grant processing
- improve public transparency of its grant administration
- publish a list of all awarded grants, and
- undertake a needs analysis to target grants effectively

DJPR has accepted the seven recommendations and undertaken to implement its response to them by 31 December 2019.

For further information, please view the full report on our website:  
[www.audit.vic.gov.au](http://www.audit.vic.gov.au)

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